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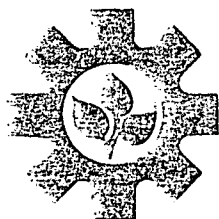
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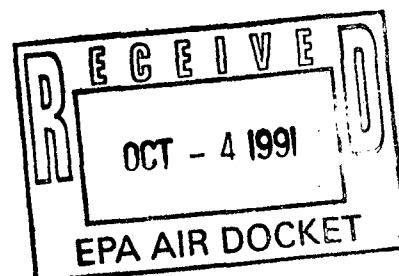
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National
Council of
Farmer
Cooperatives

October 3, 1991

The Honorable William K. Reilly
Administrator
U.S. Environmental Protection Agency
400 M Street, SW
Washington, DC 20460



ATTENTION: Docket A-91-46

Dear Administrator Reilly:

The National Council of Farmer Cooperatives (National Council) is pleased to take this opportunity to respond to the Environmental Protection Agency's (EPA) request for comments on the Ethyl Corporation's waiver application (56FR36810) under section 211(f) of the Clean Air Act, in which Ethyl seeks permission to sell a manganese-based, octane enhancing additive (MMT) for use in unleaded gasoline.

For the reasons outlined below, the National Council believes this request provides the EPA with a rare opportunity to advance both environmental and energy policy objectives, and we hereby respectfully urge that the waiver be granted.

Interest of the National Council

The National Council of Farmer Cooperatives is a nationwide association of cooperative businesses which are owned and controlled by farmers. Its membership includes 90 agricultural marketing, supply and credit cooperatives, plus 31 state councils. National Council members handle practically every type of agricultural commodity produced in the U.S., market these commodities domestically and around the world, and furnish production supplies and credit to their farmer members and patrons. The National Council represents about 90 percent of the nearly 5,000 local farmer cooperatives in the nation, with a combined membership of nearly 2 million farmers.

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Included in our membership are farm supply cooperatives which own and operate 5 modern refineries with a combined capacity of 220,000 barrels per day (bpd). These facilities produce a high percentage -- nearly 90 percent -- of gasoline, diesel fuel and heating oil.

Our member cooperatives market petroleum products in more than 40 states and currently supply about 40 percent of all on-farm fuel, as well as the needs of many rural families. Farmer cooperative petroleum operations represent the only segment of the oil industry in which the consumers of its products are also its owners. This feature carries with it a unique accountability and commitment.

Farmer Cooperative Refineries

Ethyl's proposed unleaded gasoline additive, Hi Tech 3000, appears to offer exceptional cost savings for smaller refineries such as those operated by farmer cooperatives.

The five refineries owned by CENEX, Farmland Industries, Countrymark Cooperative, Inc., and the National Cooperative Refinery Association are significantly different from major oil company facilities. They are located in rural Montana, Indiana and Kansas--some distance away from other refineries, petrochemical plants and intermediate product exchange opportunities. Since their historic rural fuel demands have been for leaded gasoline and farm diesel fuel, they have relatively limited clear (unleaded) octane capability.

Multiple octane producing units, parallel processing trains, and opportunities for intermediate stream swaps and purchases, all greatly enhance a refiner's inherent flexibility to respond to short-term process upsets and longer-term fuel quality/demand trends. Major refiners generally have these capabilities, while such options are limited for cooperative and other similarly situated refiners.

Although highly efficient as measured by the ability to convert crude oil to clean quality refined products, cooperative refiners' smaller size and relatively isolated locations limit their operating flexibility. Individual refinery crude capacities range from 20,600 bpd to 70,500 bpd. The largest is less than half the size of a top 15 U.S. refiner's average plant. As a result of this size disparity, cooperative refiners suffer by comparison both from diseconomies of scale and fewer types of oil processing units. Those units which are installed are not duplicated, as is the case in most larger facilities.

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Ethyl's gasoline octane enhancing additive, methycyclopentadienyl manganese tricarbonyl (MMT), appears to represent a beneficial alternative to severe catalytic reforming, the chief process route to high octane unleaded gasoline. All cooperative refiners currently employ MMT as a leaded gasoline additive and believe its approved use in unleaded gasoline blends will make their refinery operations more efficient and flexible.

Such flexibility translates into economic competitiveness and helps ensure the continued viability of the farm fuel supply system. Increased economic efficiencies ultimately benefit cooperatives' farmer-owners, due to the unique structure of cooperatives.

Ethyl's MMT Waiver Submittal

The National Council has reviewed Ethyl's waiver request. Much of the application is comprised of auto test results designed to confirm that the use of MMT will not cause or contribute to the failure of any emissions control device or system. MMT's use is claimed to significantly reduce auto tailpipe emissions, while being benign to various control devices.

The National Council can offer no new data or special expertise to this aspect of the application. The Agency is best qualified to judge the efficacy of the environmental dimension of the application. Assuming that environmental threshold criteria are satisfied, we seek to endorse Ethyl's contention that MMT's availability for use in unleaded gasoline would be a positive development for cooperatives and other smaller U.S. refiners-- particularly at a time when octane alternatives are expected to become severely constrained due to implementation of fuel-related provisions in the Clean Air Act Amendments of 1990.

As the Agency is aware, the National Council has participated on the Umbrella Negotiating Committee in one such activity, the regulatory negotiations which have yielded an historic agreement forwarding consensus rules on reformulated gasoline, oxygenated fuels and anti-dumping.

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Based on cooperatives' long experience with MMT in leaded gasoline, Ethyl forecasts of reduced oil imports, greater refinery operating flexibility and lessened stationary emissions all appear reasonable and achievable. Most significantly, we believe the Agency can achieve simultaneous environmental and energy policy gains by granting the waiver. Such opportunities are rare. The National Council urges the EPA to seize the moment and act favorably on Ethyl's waiver request.

Respectfully Submitted,



R. Thomas Van Arsdall

Vice President

Agricultural Inputs and Services

cc: Mary T. Smith

Director

Field Operations and Support Division (ENF-397F)